

HOME Allocation Plan



Program Descriptions and Allocation Plan

Program Year 2004

**Community Development Block Grant (CDBG)
HOME Investment Partnerships Program (HOME)
American Dream Down Payment Assistance (ADDI)**

Methods of Distribution

The Indiana Housing Finance Authority (IHFA) allocates CDBG, HOME, and ADDI funds through the programs shown below. Each program area has unique criteria upon which funding decisions are based. For full program information, please refer to IHFA's full application packages and/or program guides.

PROGRAM NAME	FUNDING SOURCE	TIMING OF FUNDING
Foundations	CDBG and HOME	2 annual competitive funding cycles
CHDO Works	HOME	2 annual competitive funding cycles
Housing from Shelters to Homeownership	CDBG and HOME	2 annual competitive funding cycles
RHTC/Bond/HOME Combined Funding	HOME	1 annual funding cycle
HOME Administrative Subrecipients	HOME	As needed
INTR City	HOME	TBD
Homeownership Counseling Program	HOME	TBD
HOME OOR Program	HOME	TBD
First Home/Plus	HOME/ADDI	Continuous throughout the year
First Home/One Down	HOME/ADDI	Continuous throughout the year
First Home 100	HOME/ADDI	Continuous throughout the year
HomeChoice	HOME/ADDI	Continuous throughout the year
First Home Community	HOME/ADDI	Continuous throughout the year
First Home Opportunity	HOME/ADDI	Continuous throughout the year

Foundations

The most successful housing programs are those that grow out of careful planning and assessment of the needs of a particular community. For this reason, IHFA provides funds to finance planning activities related to the development of affordable housing through the Foundations program.

Eligible Applicants / Eligible Activities

Housing needs assessments are used to gather data, prepare housing related community plans, and identify actions that need to be taken in order to create, develop, or preserve affordable housing. These studies are broad in nature and not specific to a particular site or activity. This activity is funded through CDBG. Only non-entitlement local units of government are eligible to apply for up to \$50,000 for this activity.

Feasibility studies are more specific to a particular site or housing activity and are similar to a market study. Through these studies, applicants can, among other things, identify a site for a particular housing activity, develop a preliminary estimate of costs, or identify whether or not there is adequate demand for a particular type of affordable housing. This activity is also funded through CDBG. Only non-entitlement local units of government are eligible to apply for up to \$30,000 for this activity.

Predevelopment loans are similar to feasibility studies except that State-certified Community Housing Development Organizations (CHDOs) are allowed to go even further into the planning process, to the point of obtaining an option to purchase the site or developing preliminary architectural plans.

Seed money loans can be used by CHDOs to pay for such things as final architectural and engineering plans, loan reservation fees, or building permit fees. Once a housing activity is deemed feasible and site control is obtained, a CHDO can apply for a seed money loan.

The CHDO must pay back either loan if the housing activity goes forward. The CHDO may borrow up to \$30,000 of HOME funds for a term of 24 months at a zero percent interest rate. If the housing activity is deemed infeasible or unable to go forward, the applicant may request that the loan be forgiven.

Scoring Criteria

If an application satisfies all applicable requirements, it will be evaluated and scored based on criteria in the following categories: Constituency Served; Activity Design; Organizational Capacity; Readiness to Proceed; Market; and Minority or Women Business Enterprise Participation. Applicants can receive up to 100 total possible points. No award shall be made to any application that scores below a total of 50 points.

Notwithstanding the point ranking system set forth above, IHFA, through its Board of Directors, reserves the right and shall have the power to allocate funds irrespective of its point ranking, if such intended allocation is: (1) in compliance with the applicable federal regulations; (2) in furtherance of the overall goals of the Authority; and (3) determined by the Board to be in the interests of the citizens of the State of Indiana.

Funds will be awarded only in amounts appropriate to the scope of the identified need. IHFA reserves the right to determine the exact amount and type of assistance needed for each individual housing activity.

CHDO Works

Eligible Applicants

Eligible applicants are not-for-profit organizations that have successfully obtained certification from IHFA as a Community Housing Development Organization (CHDO), are in good standing with IHFA, and serve non-participating jurisdiction areas (unless they will be developing transitional housing). * Organizations that have not yet received CHDO certification (or whose certification is pending) are not eligible for operating funds.

*Participating Jurisdiction areas include:

Anderson	Gary	Muncie
Bloomington	Hammond	St. Joseph County Consortium
East Chicago	Indianapolis**	Terre Haute
Evansville	Lake County	Tippecanoe County Consortium
Fort Wayne		

** The Cities of Beech Grove, Lawrence, Speedway, Southport, and the part of the Town of Cumberland located within Hancock County are not considered part of the Indianapolis participating jurisdiction. Applicants that serve these areas would be eligible for CHDO Works funding.

Eligible Activities

Eligible activities are those directly related to promoting the agency's ability to develop, sponsor, and/or own HOME CHDO-eligible affordable housing, such as homebuyer, rental, and transitional housing. Any applicant who successfully competes for operating funds is required to apply and receive funding for a HOME CHDO-eligible housing activities within twenty-four (24) months from the date that an operating award is made.

According to 24 CFR §92.208, eligible costs include reasonable and necessary costs for the operation of the CHDO. Such costs include, but are not limited to, salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, including filing cabinets; materials; supplies; annual financial audit; and costs associated with a strategic long-range plan. Other costs may also be eligible. Applicants are encouraged to consider computer equipment needs, especially hardware and software updates.

Administrative costs associated with implementing the lead based paint regulations are eligible for funding under CHDO Works. These expenses include training staff on the regulations, staff certification for Lead Inspector/Risk Assessor and Lead Construction Supervisor, and special equipment purchases such as protective clothing or XRF machines.

Eligible costs do not include furniture or other office décor.

Scoring Criteria

If an application satisfies all applicable requirements, it will be evaluated and scored based on criteria in the following categories: Organizational Capacity; Community Need; Access to Skilled Individuals; Training; and Financial Management. Applicants can receive up to 100 total possible points. The minimum scoring threshold for applications will vary as follows:

<u>Number of Previous “CHDO Works” Awards</u>	<u>Threshold</u>
0 awards	50 points
1 award	65 points
2 or more awards	75 points

Any application that falls below its respective threshold will not be recommended for funding.

Notwithstanding the point ranking system set forth above, IHFA, through its Board of Directors, reserves the right and shall have the power to allocate funds irrespective of its point ranking, if such intended allocation is: (1) in compliance with the applicable statutes; (2) in furtherance of promoting affordable housing; and (3) determined by IHFA’s Board of Directors to be in the interests of the citizens of the State of Indiana.

Funds will be awarded only in amounts appropriate to the scope of the identified need. IHFA reserves the right to determine the exact amount and type of assistance needed for each individual housing activity.

Funding Limitations

Applicants may apply for up to \$70,000 in operating assistance for a 24-month term. CHDOs may receive no more than one operating grant in a two-year period. CHDO Works funding (along with all other HOME-funded CHDO operating expenses) is limited to: (1) 50% of the CHDO’s total operating expenses in any one fiscal year, or (2) \$50,000, whichever is greater.

Housing from Shelters to Homeownership

The Housing from Shelters to Homeownership program provides grants and loans to public and private organizations for the rehabilitation or new construction of affordable housing. The types of housing activities that can be funded and the eligible applicants depend on the source of funding. The chart below briefly outlines what activities are eligible for CDBG and HOME and the type of applicant that is eligible to apply for those funds.

<u>Eligible Applicants / Eligible Activities</u>	Local Units of Government (Non-CDBG Entitlement Communities)¹	Local Units of Government (Non-HOME Participating Jurisdictions) & Townships²	Community Housing Development Organization (CHDO)²	501(c)3 or 501(c)4 Organizations, Public Housing Authorities, & Joint Ventures
Emergency Shelter Rehabilitation/New Construction	CDBG			
Youth Shelter Rehabilitation/New Construction	CDBG			
Transitional Housing Rehabilitation ³	CDBG	HOME	HOME	HOME
Transitional Housing Rehabilitation/Refinance ³		HOME	HOME	HOME
Transitional Housing New Construction ³		HOME	HOME	HOME
Migrant/Seasonal Farm Worker Housing Rehabilitation/New Construction	CDBG			
Permanent Supportive Housing	CDBG	HOME	HOME	HOME

<u>Eligible Applicants / Eligible Activities</u>	Local Units of Government (Non-CDBG Entitlement Communities)¹	Local Units of Government (Non-HOME Participating Jurisdictions) & Townships²	Community Housing Development Organization (CHDO)²	501(c)3 or 501(c)4 Organizations, Public Housing Authorities, & Joint Ventures
Rehabilitation ³				
Permanent Supportive Housing Rehabilitation/Refinance ³		HOME	HOME	HOME
Permanent Supportive Housing New Construction ³		HOME	HOME	HOME
Rental Rehabilitation	CDBG	HOME	HOME	HOME
Rental Rehabilitation/Refinance		HOME	HOME	HOME
Rental New Construction		HOME	HOME	HOME
Homebuyer Rehabilitation/New Construction		HOME	HOME	HOME
Owner-Occupied Rehabilitation	CDBG			
Voluntary Acquisition Demolition	CDBG			

¹ The following entitlement communities are not eligible to apply for CDBG funds. However, non-entitlement applicants may apply for a housing activity located within an entitlement community if the applicant can demonstrate that beneficiaries will come from outside of the entitlement community's boundaries:

Anderson	Elkhart	Goshen	Indianapolis*	Michigan City	South Bend
Bloomington	Evansville	Hamilton County	Lafayette	Mishawaka	Terre Haute
Columbus	Fort Wayne	Hammond	Lake County	Muncie	West Lafayette
East Chicago	Gary	Kokomo	LaPorte	New Albany	

* The Cities of Beech Grove, Lawrence, Speedway, Southport, and the part of the Town of Cumberland located within Hancock County are not considered part of the Indianapolis entitlement community. Applicants that serve these areas would be eligible for CHDO Works funding.

² Applications from, or housing activities located within, the following participating jurisdictions are not eligible for HOME funds unless the request is for transitional housing:

Anderson	Gary	St. Joseph County Consortium
Bloomington	Hammond	Terre Haute
East Chicago	Indianapolis*	Tippecanoe County Consortium
Evansville	Lake County	
Fort Wayne	Muncie	

*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the part of the Town of Cumberland located within Hancock County are not considered part of the Indianapolis participating jurisdiction. Applicants that serve these areas would be eligible for CHDO Works funding.

³ IHFA will accept applications for HOME-funded permanent supportive and transitional housing regardless of the development's location within the state.

Scoring Criteria

Through the scoring criteria, preference is given to housing activities that:

- meet the needs of their specific community
- attempt to reach very low-income levels of 30% of area median income
- are ready to proceed with the housing activity upon receipt of the award
- revitalize existing neighborhoods

If an application satisfies all applicable requirements, it will be evaluated and scored based on criteria in the following categories: Constituency Served; Development Characteristics; Financing; Market; Organizational Capacity; Readiness to Proceed; and Minority and Women Business Enterprise Participation.

No award shall be made to any application that scores below 40 points. Where applicable, the funding agreement and any restrictive covenants recorded with the property will contain restrictions applicable to the points received.

Notwithstanding the point ranking system set forth above, IHFA, through its Board of Directors, reserves the right and shall have the power to allocate funds to a development irrespective of its point ranking, if such intended allocation is: (1) in compliance with applicable statutes; (2) in furtherance of promoting affordable housing; and (3) determined by IHFA's Board of Directors to be in the interests of the citizens of the State of Indiana.

Assistance may be provided in the form of grants or loans; however, funds will be awarded only in amounts appropriate to the scope of the identified need. IHFA reserves the right to determine the exact amount and type of assistance needed for each individual housing activity.

Funding Limitations

In general, eligible applicants may apply for up to \$500,000 in CDBG or \$750,000 in HOME funds through the Housing from Shelters to Homeownership program. Applicants for owner-occupied rehabilitation, though, are limited to a maximum of \$300,000.

The CDBG or HOME applicant's request for funding must not exceed the per unit subsidy limitations listed below:

- \$20,000 per bed for emergency shelters, youth shelters, or migrant/seasonal farm worker housing
- \$35,000 per 0 bedroom unit for transitional, permanent supportive, rental, or homebuyer, activities
- \$40,000 per 1-2 bedroom unit for transitional, permanent supportive, rental, or homebuyer, activities
- \$50,000 per 3 or more bedroom unit for transitional, permanent supportive, rental, or homebuyer
- \$15,000 per unit for owner occupied rehabilitation
- \$100,000 per unit for voluntary acquisition demolition activities

Provisions for Rental Rehabilitation/Refinance

- Applicants for transitional, permanent supportive, and rental rehabilitation/refinance must demonstrate that:
 - Refinancing is necessary to maintain current affordable units and/or create additional affordable units.
 - The primary activity is rehabilitation. The applicant must budget a minimum of 51% of the HOME funds for rehabilitation.
 - The development will satisfy a minimum 15-year affordability period.

- Disinvestment in the property has not occurred.
- The long term needs of the development can be met.
- It is feasible to serve the targeted population over the affordability period.
- The amount of funds applied to the refinance budget line item will be made as an amortized loan to the applicant. The applicant should propose at least a 2% interest rate, a term of not more than 30 years, and an amortization period of not more than 30 years.
- The HOME loan must be fully secured.
- The HOME funds used for construction may be forgiven at the end of the affordability period.
- Applicants for permanent supportive housing rehabilitation/refinance cannot use HOME funds to refinance multifamily loans made or insured by any other federal program, including, but not limited to, FHA, CDBG, or Rural Development.

Rental Housing Tax Credits / Multifamily Private Activity Tax Exempt Bond Financing (RHTC/Bond/HOME Combined Funding)

In an effort to streamline the multi-family application process, developers applying for Rental Housing Tax Credits (RHTCs) or Multifamily Private Activity Tax-Exempt Bonds (Bonds) may simultaneously request funds from the HOME Investment Partnerships Program (HOME). If you are applying for RHTCs or Bonds for any development and want to also access HOME funds, you must indicate the HOME funding request on the “Multi-Family Housing Finance Application” and submit additional documentation as instructed in the “Multi-Family Housing Finance Application – HOME Supplement.” Outside of this process, applications for HOME financing for a RHTC or Bond development will only be considered in accordance with IHFA’s Housing from Shelters to Homeownership application criteria.

1. Eligible Applicants

The award of HOME funds will be made as follows:

1. State-Certified Community Housing Development Organization (CHDO) – HOME funds will be provided in the form of a forgivable loan to state-certified CHDOs that are the 100% general partner or managing member of the LP or LLC. The loan will be forgiven at the end of the affordability period if in compliance with all requirements.
2. Not-for-Profit Organizations or Public Housing Authorities – HOME funds will be provided in the form of a forgivable loan to not-for-profit organizations that are the 100% general partner or managing member of the LP or LLC. The loan will be forgiven at the end of the affordability period if in compliance with all requirements.
3. Limited Partnerships (LP) or Limited Liability Companies (LLC) – For developments where a state-certified CHDO or not-for-profit organization is not the 100% general partner or member, HOME funds will be loaned to the ownership entity. If the LP or LLC has not yet been formed, the applicant for HOME funds should be the general partner or member. If a HOME award is made to the development, the loan documents must be executed by the LP or LLC.

Form of Assistance

1. If the CHDO, not-for-profit, or PHA structures the HOME funds into the development as an amortized or deferred loan, they may be permitted to retain the repayments of principal and

interest for use in other affordable housing developments at IHFA's discretion. The CHDO, not-for-profit, or PHA may use the repayment stream (both principal and interest): (1) to buy the property at the end of the partnership; (2) to pay the exit fees for other partners in the development at the end of the affordability period; (3) to provide services to the tenants of the particular development; (4) to exert influence over the conditions of sale of the property; or (5) for the organization's other affordable housing activities that benefit low-income families.

IHFA will subordinate to the point when the HOME loan plus other financing is at an amount not to exceed 100% of the cost of construction. Subordination beyond one hundred percent (100%) will be entertained on a case-by-case basis.

2. Alternatively, for developments where a CHDO or not-for-profit organization is not the 100% general partner or managing member, IHFA will provide the HOME funds as an amortized or deferred loan to the LP or LLC. If such an entity has not yet been formed, the applicant for the HOME funds should be the general partner or managing member, but all award documents must be executed by the LP or LLC. Principal and interest payments on these awards may be either deferred or amortized. The applicant may propose a loan term for up to 17 years (up to 2 years as a construction loan and 15 years as permanent financing). The interest rate is proposed by the applicant. The applicant must demonstrate in their application that the interest rate proposed is necessary in order to make the HOME-assisted units affordable. The HOME loan must be fully secured. .

IHFA will subordinate to the point when the HOME loan plus other financing is at an amount not to exceed 100% of the costs of construction. Subordination beyond one hundred percent (100%) will be entertained on a case-by-case basis.

IHFA will subordinate to the point when the HOME loan plus other financing is at an amount not to exceed 100% of the cost of construction. Subordination beyond one hundred percent (100%) will be entertained on a case-by-case basis.

Eligible Activities

HOME funds are available statewide for the development of permanent supportive or transitional housing. Otherwise, applications for Developments located within the following participating jurisdictions are not eligible for HOME funds.

Anderson	Gary	St. Joseph County Consortium
Bloomington	Hammond	Terre Haute
East Chicago	Indianapolis*	Tippecanoe County Consortium
Evansville	Lake County	
Fort Wayne	Muncie	

* The Cities of Beech Grove, Lawrence, Speedway, Southport, and the part of the Town of Cumberland located within Hancock County are not considered part of the Indianapolis participating jurisdiction. Applicants that serve these areas would be eligible for CHDO Works funding.

HOME funds may be used for acquisition, construction or rehabilitation hard costs, and testing for lead hazards for HOME-assisted units. HOME funds may not be used toward the refinancing of existing permanent debt.

HOME funds may assist rental, permanent supportive, or transitional housing. These units can be in the form of traditional apartments or single-room-occupancy units (SROs). SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the Development consists of conversion of non-residential space or reconstruction, SRO units must contain either kitchen or bathroom facilities (they may contain both). For Developments involving acquisition or rehabilitation of an existing residential structure, neither kitchen nor bathroom facilities are required to be in the unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants.

HOME funds are generally not available for units identified as part of an approved RHTC or Bond lease-purchase program, unless the purchase will occur after the termination of the HOME affordability period. In such case, the assisted units will be considered rental for purposes of the HOME award. Prior to the HOME affordability period expiration, IHFA will consider requests to permit tenants to purchase HOME-assisted rental units on a case-by-case basis only.

Scoring Criteria

There are no scoring criteria for RHTC/Bond/HOME awards. Eligibility for the HOME funds will be determined based on:

1. Whether the development demonstrates a need for HOME funds in order to make a greater number of rental units affordable to lower income households.
2. Whether the development meets State and Federal requirements of all programs for which it is applying.
3. If the development ranking is sufficient for it to be awarded RHTCs pursuant to the RHTC or Bond process.
4. The availability of HOME funds.

Funds will be awarded only in amounts appropriate to the scope of the identified need. IHFA reserves the right to determine the exact amount and type of assistance needed for each individual housing activity.

Funding Limitations

The maximum HOME request is \$500,000.

<u>HOME-Assisted Units</u>	<u>AMI</u>	<u>Maximum Funding</u>
100 %	< or = 60 % *	\$300,000
75 %	< or = 50 %	\$400,000
50 %	< or = 40 %	\$500,000

IHFA has established a per unit subsidy limitation for HOME-assisted units of \$35,000 for 0-bedroom units, \$40,000 for 1- and 2-bedroom units, and \$50,000 for units with 3 or more bedrooms.

HOME Administrative Subrecipients

IHFA staff generally oversees the implementation of the HOME program; however, IHFA reserves the right to initiate subrecipient agreements with not-for-profit organizations or public agencies for specific HOME administrative activities. These subrecipient agreements will be made available throughout the year upon approval of the activity by the IHFA Board of Directors.

Eligible Applicants

- Not-for-profit corporations, as designated under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code
- Public agencies

Eligible Activities

- Only those activities allowed under the HOME regulations (24 CFR 92.207) are eligible for funding with IHFA's HOME administration funds.
- HOME subrecipient activities must comply with the requirements of 24 CFR 84 (a.k.a. OMB Circular A-110) "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Not-for-profit Organizations."
- In general, IHFA looks for proposals that have a statewide impact and serve to further the Authority's efforts in one or more of the following areas:
 - General management, oversight, and coordination of the HOME program
 - Providing public information to residents and citizen organizations participating in the planning, implementation, or assessment of housing activities being assisted with HOME funds
 - Affirmatively furthering fair housing
 - Compiling data in preparation for the State Consolidated Plan
 - Complying with other Federal requirements such as affirmative marketing; minority outreach; environmental review; displacement, relocation, and acquisition; labor standards; lead-based paint; and conflicts of interest.

Scoring Criteria

There are no scoring criteria for HOME Administrative Subrecipient awards. Eligibility for these funds will be determined based on:

1. Whether proposed activities have a statewide impact.
2. Whether the proposal demonstrates a need for HOME funds.
3. Whether proposed activities meet the HOME regulatory requirements of an administrative subrecipient.
4. Whether proposed activities serve to further IHFA staff efforts.
5. The availability of HOME administrative funds.

Funding Limitations

As allowed by HOME regulations (24 CFR 92.207), IHFA may expend up to 10% of the annual allocation for payment of reasonable administrative and planning costs of the HOME program.

INTR City

IHFA is developing a pilot program called Improving Neighborhoods Through Revitalization (INTR City). The program will provide funding for strategic planning and the redevelopment of vacant lots in blighted neighborhoods into single-family homes.

Homeownership Counseling

IHFA is developing a program for homeownership counseling. The program will provide funding for homeownership education and counseling on a statewide basis.

HOME OOR

IHFA is developing a program for rehabilitation of owner-occupied homes using HOME funds. The program will provide funding for owner-occupied rehabilitation on a statewide basis.

First Home/Plus

Difficulty in coming up with cash for a down payment is often the biggest obstacle for first-time homebuyers. Subsequently, IHFA has developed the First Home/Plus program, through which IHFA links HOME/ADDI funds in the form of down payment assistance with its Mortgage Revenue Bond (MRB) program.

Eligible Applicants

The borrower must meet the following eligibility requirements:

1. Must be a first-time homebuyer (i.e. has not, at any time during the three years preceding the date of loan closing had an ownership interest in his/her principal residence), unless the buyer is purchasing a home located in a targeted area as published in IHFA's First Home/Plus Program Guide.
2. Must be income-eligible as published in IHFA's First Home/Plus Program Guide.
3. If a borrower is separated from their spouse, a legal separation agreement or a petition for the dissolution is required prior to preliminary approval.
4. Must reasonably expect to reside in the property as his/her principal residence within 60 days after the loan closing date on existing homes and within 60 days of completion for a newly constructed home.
5. Must currently be or intend to become a resident of the State of Indiana.
6. Must successfully complete a homeownership training program.

Eligible Activities

Income-eligible homebuyers can receive up to 10% of the home purchase price in down payment assistance in conjunction with a below-market interest rate mortgage through IHFA. The First Home/Plus program is operated through a partnership between IHFA and participating local lending institutions throughout Indiana. HOME/ADDI down payment assistance is provided as a 0%, forgivable second mortgage. If the buyer resides in the property for five years, the second mortgage is forgiven. For the purchase of an existing home, for three months prior to the sale, the home must have been vacant, occupied by the seller, or rented to the household that is buying the home.

Funds are allocated on a first-come, first-served basis. Interested borrowers must contact a participating lender to apply for the program. Borrowers are encouraged to contact a participating lender for loan "pre-approval" before they begin looking for a house.

Borrowers must successfully complete a homeownership training program. The participating lender may choose the type of training the borrower receives; however, IHFA strongly recommends a face to face or classroom course given by a HUD approved counselor. A certificate of completion or achievement is required in the loan application package.

Funding Limitations

Depending upon their income, borrowers receive HOME/ADDI funded down payment assistance of 5% or 10% (capped at \$3,500 and \$7,000, respectively) of the sales price or the appraised value of the property, whichever is less. Acquisition cost of the home may not exceed the lesser of the maximum as set forth in IHFA's First Home/Plus Program Guide or FHA 203(b) Mortgage Limits as published periodically by HUD.

First Home/One Down

IHFA and Fannie Mae jointly offers the First Home/One Down program, which allows qualified first-time home buyers to obtain mortgages with an investment as little as 1%. The loans are offered through IHFA and its statewide network of participating lenders. In many ways, the First Home/One Down program is operated in the same manner as IHFA's First Home/Plus program, as described in the previous section. Differences between the two programs are highlighted below.

IHFA/Fannie Mae's First Home/One Down program offers homebuyers affordable conventional financing. The qualified homebuyer obtains a first mortgage at a below market interest rate. HOME/ADDI down payment assistance of 5% or 10% (capped at \$3,500 and \$7,000, respectively), depending upon the buyer's income, is provided in the form of a 0% forgivable second mortgage.

Borrowers must have at least 1% of their own funds invested in the transaction. Sellers may pay up to 3% of the sales price in closing cost. The normal Fannie Mae requirement of having cash reserves left in the bank after closing equal to two months mortgage payments is waived. Pre- and post-purchasing counseling are requirements of the program.

First Home INTR City

A new version of IHFA's mortgage program would be encouraged for all eligible homebuyers purchasing homes financed with INTR City funds. The program will also be available for all other eligible homebuyers purchasing within certain areas. HOME/ADDI down payment assistance would also be available to eligible borrowers under the terms of our current programs.

First Home 100

The First Home 100 program combines IHFA's First Home program and Rural Development's Direct Loans to stretch resources and reach a broader number of eligible borrowers. It is available in areas that are served by Rural Development. Hoosiers can apply for the program through Rural Development offices.

IHFA and Rural Development have combined their income and purchase price limits to make it simpler to determine eligibility for the program. Under First Home 100, an eligible borrower would receive two mortgages, one from IHFA's First Home program, with a below market interest rate, and one from Rural Development, with an interest rate based on the applicant's ability to pay. In some cases, a borrower may also qualify for IHFA's HOME/ADDI funded down payment assistance, which would result in a forgivable third mortgage to further reduce the borrower's monthly payments.

While IHFA's First Home programs are primarily restricted to first-time homebuyers, this requirement is waived in 30 rural Indiana counties that are designated as targeted areas by the U.S. Department of Housing and Urban Development. These areas largely coincide with the areas served by Rural Development.

HomeChoice

The HomeChoice program was created by Fannie Mae to provide affordable housing for low- to moderate-income individuals who are disabled or who have disabled dependents living with them. Fannie Mae has approved Indiana's HomeChoice Program, and a public announcement was made on January 24, 2001. The availability of this program in Indiana is the result of a team effort among IHFA, Fannie Mae, the Back Home in Indiana Alliance, and Irwin Mortgage. The program is tailored to meet the unique needs of people with disabilities by offering lower down payment requirements; flexible qualifying and underwriting standards; and use of non-traditional credit histories.

To be eligible for the HomeChoice, program applicants must meet certain requirements. Borrowers must be classified as disabled as established in the Americans with Disabilities Act of 1990 or be defined as handicapped by the Fair Housing Amendments of Act of 1988. Also, borrowers must be low- or moderate-income as defined by the U.S. Department of Housing and Urban Development (HUD), which varies by county. In addition, the borrower must occupy the home within 60 days of the loan's closing or completion.

Initially, HomeChoice was offered in three counties: Bartholomew, Knox, and Marion, and is now being offered in all counties of the state. IHFA has earmarked \$1 million in revenues from its non-taxable mortgage revenue bonds (MRBs) to finance the first mortgages. Additionally, borrowers receive HOME/ADDI funded down payment assistance of 10% of the sales price or the appraised value of the property, whichever is less. Bank One currently originates the mortgages, and the Back Home in Indiana Alliance markets, screens applicants, and coordinates counseling for the program

First Home Community

This loan is offered through IHFA and its statewide network of participating lenders. In many ways, the First Home Community program is operated in the same manner as IHFA's First Home/Plus program. The difference is that First Home Community is a partnership program with Fannie Mae that enables Teachers, Fire Fighters, Law Enforcement, State and Municipal workers to purchase a home with as little as one percent of the purchase price, or \$500, which ever is less, of their own funds. The program allows for higher loan-to-value options, lower out of pocket costs and more flexible underwriting criteria.

HOME/ADDI down payment assistance of 5% or 10% (capped at \$3,500 and \$7,000, respectively), depending upon the buyer's income, is provided in the form of a 0% forgivable second mortgage.

First Home Opportunity

This loan is offered through IHFA and its statewide network of participating lenders. In many ways, the First Home Opportunity program is operated in the same manner as IHFA's First Home/Plus program. The difference is that First Home Opportunity is a partnership program with Fannie Mae that enables qualified homebuyers the ability to purchase a home with as little as one percent of the purchase price, or \$500, which ever is less, of their own funds. The program allows for higher loan-to-value options, lower out of pocket costs and more flexible underwriting criteria.

HOME/ADDI down payment assistance of 5% or 10% (capped at \$3,500 and \$7,000, respectively), depending upon the buyer's income, is provided in the form of a 0% forgivable second mortgage.

HOME Investment Partnerships Program – Funds Transfer

IHFA, at its discretion, may authorize HUD to transfer a portion of the State's allocation of HOME Investment Partnerships Program funds to qualifying communities to meet a \$500,000 threshold funding level.

HOME Investment Partnerships Program - Resale/Recapture Guidelines

In accordance with the HOME Investment Partnerships Program, 24 CFR Part 92.254(a)(4), the State of Indiana is establishing policy guidelines to ensure affordability for low-income homebuyers. Because of the diversity of program designs throughout the State, recapture provisions will be appropriate for some housing activity designs and resale provisions will be appropriate for others.

Affordability Periods

HOME-assisted housing must meet the affordability requirements listed below, beginning after project completion. Project completion, as defined by HUD, means that:

- all necessary title transfer requirements and construction work have been performed;
- the project complies with the HOME requirements, including the property meets the stricter of the Indiana State Building Code and/or local rehabilitation standards;
- the final drawdown has been disbursed for the project; and
- the project completion information has been entered into HUD's IDIS system.

Homeownership Assistance HOME amount per unit	Minimum period of affordability
under \$15,000	5 years
\$15,000 - \$40,000	10 years
over \$40,000	15 years

Termination of Affordability Period

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The housing provider of HOME funds may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the development.

Resale Guidelines

Where the program design calls for no recapture (home received only a development subsidy), the guidelines for resale will be adopted in lieu of recapture guidelines. Resale restrictions will require the seller to sell the property only to a low-income family that will use the property as their principal residence. The term "low-income family" shall mean a family whose gross annual

income does not exceed 80% of the median family income for the geographic area as published annually by HUD.

The purchasing family should pay no more than 29% of its gross family income towards the principal, interest, taxes, and insurance for the property on a monthly basis. Individual recipients may, however, establish guidelines that better reflect their mission and clientele. Such guidelines should be described in the application, program guidelines, or award agreement. The housing shall remain affordable to a reasonable range of low-income buyers for the period described in the HOME regulations, as from time to time may be amended.

The homeowner selling the property will be allowed to receive a fair return on investment, which will include the homeowner's investment and any capital improvements made to the property.

Recapture Guidelines

The maximum amount of HOME funds subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy or lease the dwelling unit. This includes any HOME assistance that reduced the purchase price from the fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value (i.e., development subsidy).

The amount to be recaptured is based on a prorata shared net sale proceeds calculation. If there are no proceeds, there is no recapture. Any net sale proceeds that exist would be shared between the recipient and the beneficiary based on the number of years of the affordability period that have been fulfilled, not to exceed the original HOME investment.

The net proceeds are the total sales price minus all loan and/or lien repayments. The net proceeds will be split between the IHFA recipient and borrower as outlined according to the forgiveness schedule below for the affordability period associated with the property. The IHFA recipient must then repay IHFA the recaptured funds.

5 Year Affordability Period

Number of Years Fulfilled	% of HOME Funds Recaptured
Year 1	80%
Year 2	60%
Year 3	40%
Year 4	20%
Year 5	0%

10 Year Affordability Period

Number of Years Fulfilled	% of HOME Funds Recaptured
Year 1	90%
Year 2	80%
Year 3	70%
Year 4	60%
Year 5	50%
Year 6	40%
Year 7	30%
Year 8	20%
Year 9	10%

Year 10	0%
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15 Year Affordability Period

Number of Years Fulfilled	% of HOME Funds Recaptured
Year 1	93%
Year 2	87%
Year 3	80%
Year 4	73%
Year 5	67%
Year 6	60%
Year 7	53%
Year 8	47%
Year 9	40%
Year 10	33%
Year 11	27%
Year 12	20%
Year 13	13%
Year 14	7%
Year 15	0%

Property Disposition

In situations in which units assisted by IHFA are not brought to completion or fail to meet their affordability commitment, IHFA may acquire these properties or assist other organizations in acquiring. Properties IHFA purchases would then be available for sale through a disposition program outside of the typical funding rounds on an as needed basis.

The disposition goals include:

- Selling assisted units quickly.
- Ensuring that all applicable HOME or CDBG requirements/regulations are met.

IHFA would negotiate the final terms of any and all contracts or agreements with buyers selected to successfully meet the needs of IHFA.

In situations in which an activity has been completed, IHFA may choose to seek a waiver from HUD for the use of additional HOME funds in the development.

Indiana Housing Finance Authority
2004 Proposed CDBG, HOME, and ADDI Allocations

Community Development Block Grant (CDBG)

	Proposed PY 02		Awards During PY 02 7/1/02 - 6/30/03	
Foundations	\$500,000	10%	\$495,000	7%
-Housing Needs Assessments	\$350,000	7%	\$395,000	6%
-Site-Specific Feasibility Studies	\$150,000	3%	\$100,000	1%
Housing from Shelters to Homeownership	\$4,500,000	90%	\$6,273,627	93%
-Emergency Shelters ¹	\$500,000	10%	\$109,102	2%
-Youth Shelters ¹	\$500,000	10%	\$0	0%
-Transitional Housing ¹	\$500,000	10%	\$0	0%
-Migrant/Seasonal Farmworker Housing	\$500,000	10%	\$1,287,900	19%
-Permanent Supportive Housing ¹	NA		NA	
-Rental Housing	\$600,000	12%	\$496,625	7%
-Owner-Occupied Units	\$1,900,000	38%	\$4,380,000	65%
-Voluntary Acquisition/Demolition	NA		NA	
Total ²	\$5,000,000	100%	\$6,768,627	100%

	Proposed PY 03		Awards During PY 03 7/1/03 - 2/29/04	
Foundations	\$500,000	10%	\$490,000	12%
-Housing Needs Assessments	\$400,000	8%	\$400,000	9%
-Site-Specific Feasibility Studies	\$100,000	2%	\$90,000	2%
Housing from Shelters to Homeownership	\$4,500,000	90%	\$3,755,000	88%
-Emergency Shelters ¹	\$500,000	10%	\$500,000	12%
-Youth Shelters ¹	\$400,000	8%	\$200,000	5%
-Transitional Housing ¹	\$400,000	8%	\$0	0%
-Migrant/Seasonal Farmworker Housing	\$500,000	10%	\$0	0%
-Permanent Supportive Housing ¹	NA		NA	
-Rental Housing	\$500,000	10%	\$355,000	8%
-Owner-Occupied Units	\$2,200,000	44%	\$2,700,000	64%
-Voluntary Acquisition/Demolition	NA		NA	
Total ²	\$5,000,000	100%	\$4,245,000	100%

	Proposed PY 04	
Foundations	\$500,000	10%
-Housing Needs Assessments	\$400,000	8%
-Site-Specific Feasibility Studies	\$100,000	2%
Housing from Shelters to Homeownership	\$4,500,000	90%
-Emergency Shelters ¹	\$500,000	10%
-Youth Shelters ¹	\$300,000	6%
-Transitional Housing ¹	\$400,000	8%
-Migrant/Seasonal Farmworker Housing	\$300,000	6%
-Permanent Supportive Housing ¹	\$300,000	6%
-Rental Housing	\$300,000	6%
-Owner-Occupied Units	\$2,200,000	44%
-Voluntary Acquisition/Demolition	\$200,000	4%
Total ²	\$5,000,000	100%

HOME Investment Partnerships Program (HOME)

Foundations	\$500,000	3%	\$292,800	2%
-CHDO Predevelopment Loans	\$300,000	2%	\$211,900	1%
-CHDO Seed Money Loans	\$200,000	1%	\$80,900	0%
Housing from Shelters to Homeownership	\$9,642,300	59%	\$10,906,028	58%
-Transitional Housing ¹	\$1,000,000	6%	\$2,428,500	13%
-Permanent Supportive Housing ¹	NA		NA	
-Rental Housing	\$2,500,000	15%	\$2,684,705	14%
-Homebuyer Units	\$2,142,300	13%	\$3,673,677	20%
-Owner-Occupied Units	\$2,000,000	12%	\$782,000	4%
-Homeownership Counseling/Downpayment Assistance	\$2,000,000	12%	\$1,337,146	7%
HOME/RHTC/Bond	\$4,000,000	24%	\$962,112	5%
-Transitional Housing ¹	\$1,000,000	6%	\$0	0%
-Permanent Supportive Housing ¹	NA		NA	
-Rental Housing	\$3,000,000	18%	\$962,112	5%
CHDO Works - CHDO Operating Grants	\$660,000	4%	\$719,360	4%
First Home Downpayment Assistance Programs ³	\$0	0%	\$4,627,913	25%
INTR City Program	NA		NA	
Homeownership Counseling	NA		NA	
HOME Owner-Occupied Rehabilitation Program	NA		NA	
Administration ⁴	\$1,644,700	10%	\$1,136,447	6%
-IHFA Administrative Expenses and Professional Contracts			\$792,822	4%
-Administrative Subrecipient Agreements			\$343,625	2%
-Homeownership Counseling			NA	
Total ²	\$16,447,000	100%	\$18,644,660	100%

Foundations	\$500,000	3%	\$202,700	2%
-CHDO Predevelopment Loans	\$350,000	2%	\$141,700	1%
-CHDO Seed Money Loans	\$150,000	1%	\$61,000	0%
Housing from Shelters to Homeownership	\$7,836,870	47%	\$9,186,985	72%
-Transitional Housing ¹	\$1,400,000	8%	\$498,000	4%
-Permanent Supportive Housing ¹	NA		NA	
-Rental Housing	\$1,900,000	11%	\$5,319,650	42%
-Homebuyer Units	\$2,000,000	12%	\$1,296,922	10%
-Owner-Occupied Units	\$800,000	5%	\$0	0%
-Homeownership Counseling/Downpayment Assistance	\$1,736,870	10%	\$2,072,413	16%
HOME/RHTC/Bond	\$2,400,000	14%	\$900,000	7%
-Transitional Housing ¹	\$400,000	2%	\$0	0%
-Permanent Supportive Housing ¹	\$400,000	2%	\$0	0%
-Rental Housing	\$1,600,000	10%	\$900,000	7%
CHDO Works - CHDO Operating Grants	\$669,000	4%	\$180,000	1%
First Home Downpayment Assistance Programs ³	\$3,500,000	21%	\$1,082,972	8%
INTR City Program	NA		NA	
Homeownership Counseling	NA		NA	
HOME Owner-Occupied Rehabilitation Program	NA		NA	
Administration ⁴	\$1,656,208	10%	\$1,229,097	10%
-IHFA Administrative Expenses and Professional Contracts			\$1,033,547	8%
-Administrative Subrecipient Agreements			\$195,550	2%
-Homeownership Counseling			NA	
Total ²	\$16,562,078	100%	\$12,781,754	100%

Foundations	\$400,000	2%
-CHDO Predevelopment Loans	\$300,000	2%
-CHDO Seed Money Loans	\$100,000	1%
Housing from Shelters to Homeownership	\$6,400,000	38%
-Transitional Housing ¹	\$500,000	3%
-Permanent Supportive Housing ¹	\$500,000	3%
-Rental Housing	\$3,700,000	22%
-Homebuyer Units	\$1,700,000	10%
-Owner-Occupied Units	NA	
-Homeownership Counseling/Downpayment Assistance	NA	
HOME/RHTC/Bond	\$2,400,000	14%
-Transitional Housing ¹	\$500,000	3%
-Permanent Supportive Housing ¹	\$500,000	3%
-Rental Housing	\$1,400,000	8%
CHDO Works - CHDO Operating Grants	\$670,765	4%
First Home Downpayment Assistance Programs ³	\$1,500,000	9%
INTR City Program	\$500,000	3%
Homeownership Counseling	\$1,000,000	6%
HOME Owner-Occupied Rehabilitation Program	\$2,221,488	13%
Administration ⁴	\$1,676,917	10%
-IHFA Administrative Expenses and Professional Contracts		
-Administrative Subrecipient Agreements		
-Homeownership Counseling		
Total ²	\$16,769,170	100%

American Dream Down Payment Assistance (ADDI)

First Home Downpayment Assistance Programs ³

NA	NA
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\$943,118	100%	\$0	0%
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\$948,380	100%
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Notes:

¹ Emergency shelters, youth shelters, transitional, and permanent supportive housing funding goals - \$2.5 million for calendar years 1994-1999, \$3 million for calendar year 2000-2001, \$3.5 million beginning in calendar year 2002.

² Total amount awarded may differ from amount available due to deobligations and reallocations of prior year funding.

³ Award column includes houses funded with HOME Program Income. Data reflects closing date.

⁴ Proposed amount includes total admin for IHFA, grantees, subrecipients, & other professional administrative contracts. Award column excludes grantee admin funds.